POSSIBILITIES AND ADVANTAGES OF USING STATISTICAL METHODS IN CONDUCTING AUDITS

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ANNOTATION

The article addresses the need for new, modern approaches to the audit of financial statements of commercial banks in the context of economic liberalization. In addition, the statistical methods used in the audit process, the possibilities of their application and its advantages are considered.

KEYWORDS: *audit, auditing activities, commercial banking, financial reporting, audit selection, block selection, random selection, evaluation methods.*

INTRODUCTION

As a result of economic reforms in our country, the role of commercial banks of various forms of ownership in the economy is growing, and their number is growing every year. These, in turn, require further deepening of economic reforms in this area.

Liberalization of the economy, the formation of market relations necessitate new, modern approaches to the methods of auditing the financial statements of commercial banks and evaluating their performance. These problems require improving the quality of auditing, its organization and comprehensive development, consideration of its theoretical and methodological aspects, as well as in-depth research. All these objective processes require the audit of financial statements in commercial banks, the preparation of audit reports and the study of the problems of improving its content.

It should be noted that in recent years, the audit in our country has been updated in terms of content and essence in line with the free economy. In particular, the Law "On Auditing", national auditing standards have been adopted and are being implemented. At the same time, theoretical and practical research on the preparation and improvement of the composition of audit reports in commercial banks is carried out, which is determined by the development of conceptual directions for its development. These are reflected in the following.

· Analyzed the possible errors in the preparation of audit reports and their classification, the integral relationship between the level of materiality and the form of the audit report, and made appropriate recommendations for their improvement;

· Recommendations were developed to collect audit evidence using statistical methods in conducting audits of commercial banks and preparing audit reports on their results, and as a result to reduce the level of information risk and on this basis to improve its audit;

· Scientific and practical recommendations for the preparation of audit reports in accordance with International Financial Reporting Standards (IFRS), conducting audits in accordance with international standards.

It is known that the correct choice of methods for conducting an audit of commercial banks and preparing an audit report on its results leads to the use of them to collect audit evidence and, as a result, reduce the level of information risk. As the economist NP Baryshnikov noted, "Methodological methods of audit mean various procedures that allow to achieve the intended purpose" [1]. Internal audit methods must be effective and efficient, and the most effective of these methods is selected based on the object and purpose of the audit.

A study of the economic literature shows that there is no single point of view on the methods of conducting audits. There are two reasons for this, and these reasons are causing controversy. The first reason is that some methods are over-detailed, and the second reason is that audit methods are equated with control behavior [3].

MAIN PART

This article analyzes the possibility of using statistical methods in the audit of financial statements in commercial banks and its advantages.

It is known that in international practice, multiple audits are usually conducted on a different type of selection. Often they are computer-based, software-based choices. The application of the selection method in auditing helps auditors to work on a scientific basis in auditing activities. These methods are one of the elements of an audit called a "conveyor audit".

In this case, in contrast to the expert procedure of selection, the method of selection of mathematical statistics is widespread in foreign practice and in the recommendations of international auditing standards. "This method is the study of the whole object on the basis of selected observational data. The main condition for the application of the method of selection of mathematical statistics is the correct definition of the sampling unit, representativeness of the sample, audit risk and fair assessment of the results." [4]

Determining the nature of selection marks is a complex task. Selection criteria include:

a) The abbreviated name of the sample;

b) The method of selecting and analyzing the selected data to assess the state of the total data;

c) Definition of the selected consolidated report, etc.

The auditor often uses this or that type of selection. For example, in the simplest case, it can check 10 to 15 of the 100 names of fixed assets listed in the inventory (or check 10 to 15% of their value) and on that basis draw a conclusion about the validity of their total carrying amount. If the selection is made correctly, the carrying amount of the fixed asset and its value obtained on the selection will only differ by the amount of the selection error.

There are a number of factors that affect the size of a selection in a financial statement audit. Taking them into account when conducting an audit improves the quality of the audit of the financial statements (Table 1).

In the audit process, auditors use a variety of selection methods. The main ones are qualitative and quantitative selection methods. It is possible to organize a non-statistical or statistical selection for each of these methods of sampling.

The main factors influencing the size of the selection in the audit of financial statements

Factors	Influence on selection
1. Permissible risk	The lower the risk, the higher the choice
2. Reliability to internal control	The higher the confidence, the smaller the sample size
3. Significance of errors for the audit of financial statements	The higher the importance, the greater the amount of choice
4. The amount of errors allowed	The higher the amount and frequency of origin, the greater the amount of selection
5. Grouping data of the same type	Reduces the amount of grouping available selection
6. The number of data units to be checked	If the data unit is high, it increases the amount of selection

The advantages of using statistical sampling during an audit vary. The most important technical advantage is that the statistical selection during the audit allows:

- Calculate the sample size to ensure the required accuracy of the results (the optimal size is likely to be less than the arbitrary sample size).

- Management of the level of selection error, ie keeping it (both positive and negative deviations, defects) at an acceptable level for audit purposes.

- Determining the accuracy of the extrapolation of the results of the competition, on this basis to determine the accuracy of the audit assessment of the whole report.

- Obtaining accurate, timely, scientifically based audit evidence during the proper organization and conduct of the competition.

Auditors reduce the level of errors identified using statistical sampling, minimizing them. However, the auditor cannot be completely free from the risk because the risks associated with the application of the selection method, i.e. the risks arising from the incompleteness of the observation, are retained. These risks are:

- Errors related to the chosen method, which are not related to the representativeness of the selection (reduced by planning and proper organization of testing);

- The risk of selection error (reduced by special methods);

- The risk-selection results of the sampling method may differ from the conclusion in the general examination in any case (the level of risk depends in many respects on the size of the sample);

- Risk of error acceptance (rejection), ie aspects related to the assessment of the significance of the results of the competition.

Therefore, the use of statistical sampling during an audit should not be seen as a way to solve all problems. The most important thing in an audit is the auditor's ability to make professional judgments, to perform his or her testimony, a quality that cannot be replaced by even computer-statistical methods.

CONCLUSION

Based on the above sources and facts, it can be concluded that the auditor should analyze each error that occurred during the selection, extrapolate the results obtained during the selection to the entire set under review, ie, assess the risk of selection. Errors that occur during selection are analyzed to determine whether they are abnormal or specific. If the error is of an abnormal nature, it should be excluded in extrapolating the errors. The application of the errors identified during the selection to the size of the main set is done in different ways, depending on the method used by the auditor to select the items. In doing so, it is necessary to take into account the risk of selection, which affects the outcome of the sample-based inspection. For example, the risk of selection is reduced if the auditor has additional audit evidence to support the results of the selection-based audit.

It is important to scientifically study the statistical basis of auditing and its implementation in practice. The application of the above-mentioned statistical selection reduces the cost of the audit and increases its level of validity, reduces the duration of the audit and improves its quality and ensures high efficiency.

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